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N° 115 – May/June 2009

GENERAL INTEREST

Andrei Shleifer

The Age of Milton Friedman

Journal of Economic Literature, Vol. 47, No. 1 - March 2009 – 13 pages

http://www.economics.harvard.edu/faculty/shleifer/files/JEL_2009_final.pdf

“Between 1980 and 2005, as the world embraced free market policies, living standards rose sharply, while life expectancy, educational attainment, and democracy improved and absolute poverty declined. Is this a coincidence? A collection of essays edited by Balcerowicz and Fischer argues that indeed reliance on free market forces is key to economic growth. A book by Stiglitz and others disagrees. The author reviews and compares the two arguments.”

ECONOMIC OUTLOOK

Douglas Elmendorf

The State of the Economy

U.S. House Budget Committee – Hearing – May 21, 2009

http://budget.house.gov/hearings/2009/05.21.2009_Elmendorf_Testimony.pdf

“In the Congressional Budget Office’s (CBO’s) judgment, the economy will stop contracting and resume growing during the second half of this year, but the hardships caused by the recession will persist for some time.”

Benjamin S. Bernanke

Challenges Facing the Economy: The View of the Federal Reserve

U.S. House Budget Committee – Hearing – June 3, 2009-06-04 – 9 pages

http://budget.house.gov/hearings/2009/06.03.2009_Bernanke_Testimony.pdf

“The U.S. economy has contracted sharply since last fall, with real gross domestic product (GDP) having dropped at an average annual rate of about 6 percent during the fourth quarter of 2008 and the first quarter of this year.”

Recent Unemployment Increases Breaks the Law

FRB Dallas - June 29, 2009 – National Economic Update

<http://dallasfed.org/research/update-us/2009/0904.cfm>

“The recent recession has hit the U.S. economy hard. Since December 2007, 6 million jobs have been lost, the unemployment rate has nearly doubled and real GDP growth is well into negative territory. Recent reports, however, show most measures of real economic activity are either stabilizing or declining less rapidly, and forecasters have become more optimistic about near-term growth prospects. Usually, when the growth outlook improves, forecasted unemployment rates decline. This isn't happening. In fact, unemployment forecasts have been revised upward. How can the outlook for real activity improve, while the outlook for the labor market worsens?”

Chad R. Wilkerson

Recession and Recovery across the Nation: Lessons from History

Federal Reserve Bank of Kansas City – Economic Review – Second Quarter 2009 - 20 pages

<http://www.kansascityfed.org/PUBLICAT/ECONREV/pdf/09q2Wilkerson.pdf>

“The U.S. economy officially fell into recession in December 2007, but the timing of the downturn varied widely across regions of the country. In some regions, employment began to erode much earlier in 2007, while in other regions economic activity stayed strong well into the second half of 2008. Do regions typically vary this much in the timing and circumstances of their recessions? If so, perhaps past experience can also shed light on whether some regions can be expected to rebound earlier or stronger than others from this recession.”

Rich Morin and Paul Taylor

Different Age Groups, Different Recessions

Pew Research Center - May 14, 2009

<http://pewsocialtrends.org/pubs/734/different-age-groups-different-recessions#pewresearch-jump>

“The ongoing recession has had different impacts on different age groups in America. Adults 65 and older -- most of whom have already retired and downsized their lifestyles -- have escaped its full fury. Adults in late middle age (50 to 64) have seen their nest eggs shrink the most and their anxieties about retirement swell the most. Younger adults (ages 18-49) have taken the worst lumps in the job market but remain relatively upbeat about their financial future.”

Reuven Glick and Kevin J. Lansing

U.S. Household Deleveraging and Future Consumption Growth

Federal Reserve Bank of San Francisco - FRBSF Economic Letter 2009-16 – May 15, 2009 – 4 pages

<http://www.frbsf.org/publications/economics/letter/2009/el2009-16.pdf>

“This letter discusses how a deleveraging of the U.S. household sector might affect the growth rate of consumption going forward.”

Martin Neil Baily and Douglas J. Elliott

The U.S. Financial and Economic Crisis; Where Does It Stand and Where Do We Go From Here?

Brookings Institution, Business and Public Policy – Working paper - June 15, 2009 – 26 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/0615_economic_crisis_baily_elliott/0615_economic_crisis_baily_elliott.pdf

“The economy is showing signs that it is likely bottoming out and heading toward a weak recovery, but the nation needs to keep optimism and keep policy actions in check, argue Martin Baily and Douglas Elliott. Many risks remain for both the banking system and the larger economy, and they argue for increased focus on existing financial rescue plans and the banking sector.”

C. Fred Bergsten

The Long-Term International Economic Position of the United States

Peterson Institute – Book – May 2009

<http://bookstore.petersoninstitute.org/book-store/4327.html>

“This Special Report looks at the long-run prospects for the international economic position of the United States, with particular focus on the likely evolution of the current account deficit and prospective foreign financing for it. Its goal is to provide a framework for the development of US fiscal and other economic policies, including responses to the global financial and economic crisis of 2008–09. The central message is that the long-run outlook is extremely worrisome and potentially very costly—in foreign policy/national security as well as economic terms.”

FISCAL AND TAX POLICIES

Sylvain Leduc

Fighting Downturns with Fiscal Policy

FRB San Francisco - Economic Letter - June 19, 2009 - 4 pages

<http://www.frbsf.org/publications/economics/letter/2009/el2009-20.html>

Should fiscal policy be used to fight recessions? This Letter examines some recent empirical studies analyzing data on the relative effects of higher spending and lower taxes on output.

An Analysis of the President’s Budgetary Proposals for Fiscal Year 2010

Congressional Budget Office – Study - June 2009 – 46 pages

http://www.cbo.gov/ftpdocs/102xx/doc10296/06-16-AnalPresBudget_forWeb.pdf

“Under the President’s policies, the deficit in 2009 would total \$1.8 trillion and equal 13.0 percent of gross domestic product (GDP), CBO estimates. The deficit in 2009 would be \$157 billion higher than what is expected to occur under current law—primarily because of additional spending for the government’s actions to stabilize financial markets and for ongoing military operations in Iraq and Afghanistan.”

General Explanations of the Administration’s Fiscal Year 2010 Revenue Proposals

U.S. Department of Treasury - May 11, 2009 – 130 pages

<http://www.treas.gov/offices/tax-policy/library/grnbk09.pdf>

“The report provides details of plans to cut taxes for small businesses and middle class families and close unfair corporate tax loopholes. The plan includes \$736 billion in tax cuts for working families over the next ten years and provides almost \$100 billion in tax cuts for businesses, providing support to the entrepreneurs who will help drive an economic recovery. The plan also promotes fairness and fiscal responsibility by closing hundreds of billions in loopholes, including \$36 billion in tax breaks for oil companies and the \$86.5 billion “check-the-box” loophole which allows U.S. companies that invest overseas to shift income to tax havens.”

The Long-Term Budget Outlook

CBO – Report – June 2009 – 82 pages

<http://www.cbo.gov/doc.cfm?index=10297>

“CBO’s long-term budget projections raise fundamental questions about economic sustainability. If outlays grew as projected and revenues did not rise at a corresponding rate, annual deficits would climb and federal debt would grow significantly. Large budget deficits would reduce national saving, leading to more borrowing from abroad and less domestic investment, which in turn would depress income growth in the United States. Over time, the accumulation of debt would seriously harm the economy.

Alternatively, if spending grew as projected and taxes were raised in tandem, tax rates would have to reach levels never seen in the United States.”

The Potential Role of Entitlement or Budget Commissions in Addressing Long-term Budget Problems

The Brookings Institution – June 2009 – 17 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/06_commissions_sawhill/06_commissions_sawhill.pdf

“The United States is facing a looming fiscal imbalance brought on by the aging of the population and rapidly rising health care costs. And while the credit crisis and recession are understandably of top concern to policymakers at the moment, the long-run fiscal outlook, seemingly deteriorating further day by day, cannot be ignored. Unfortunately, the current political environment creates strong disincentives for individual politicians to tackle the tough choices required to put our fiscal house back in order. An appointed commission could offer an alternative mechanism through which to address these thorny but critical issues by undertaking the heavy lifting of developing options and building the political consensus necessary to enact legislation.”

Michael Franc

Who Will Pay for President Obama's Tax Increases?

The Heritage Foundation – Backgrounder No. 2271– May 18, 2009 – 21 pages

http://www.heritage.org/Research/Taxes/upload/bg_2271.pdf

“This paper examines the geographical distribution as well as the extent of the proposed tax increases. The analysis relates solely to the President's proposal to increase the top marginal tax rates on wage and investment income on the wealthiest taxpayers as well as his proposal to phase out their personal exemptions and cap their itemized deductions, and omits any additional tax increases that may be borne by these same taxpayers as a result of efforts to reform health care or control the emission of carbon dioxide through a "cap-and-trade" scheme.”

Did the 2008 Tax Rebates Stimulate Short-Term Growth?

Congressional Budget Office – Economic and Budget Brief – June 10, 2009 – 4 pages

<http://www.cbo.gov/ftpdocs/96xx/doc9617/06-10-2008Stimulus.pdf>

“In preparing its economic forecast published in September 2008, the Congressional Budget Office (CBO) estimated that 40 percent of the tax rebates issued in the spring and summer under the Economic Stimulus Act of 2008 (Public Law 110-185) would be spent within six months—raising the growth of consumption in the second and third quarters of 2008 by 2.3 percent and 0.2 percent, respectively, and reducing it by 1.0 percent in the fourth quarter, when the distribution of the rebates was expected to end.¹ However, analysts disagree about the economic impact of tax rebates. This brief examines the issue in light of the evidence currently available.”

INFLATION - MONETARY POLICY

Jeff Fuhrer, Giovanni Olivei, and Geoffrey M. B. Tootell

Empirical Estimates of Changing Inflation Dynamics

Federal Reserve Bank of Boston – Working Paper – May 2009 – 52 pages

<http://www.bos.frb.org/economic/wp/wp2009/wp0904.pdf>

“This paper provides an array of empirical evidence bearing on potentially important changes in the dynamics of U.S. inflation. We examine the overall performance of Phillips curves relative to some well-known

benchmarks, the efficiency with which the Federal Reserve's Greenbook forecasts of inflation use real activity information, and shifts in the key determinants of the reduced-form "triangle model" of inflation. "

Glenn D. Rudebusch

The Fed's Monetary Policy Response to the Current Crisis

Federal Reserve Bank of San Francisco's Web site - FRBSF Economic Letter 2009-17 – May 22, 2009 – 4 pages

<http://www.frbsf.org/publications/economics/letter/2009/el2009-17.pdf>

"The Federal Reserve is employing all available tools to promote economic recovery and price stability by lowering borrowing costs and boosting credit availability. In particular, after lowering the federal funds rate to essentially zero, the Fed has turned to unconventional policy tools to help accomplish its goals."

William R. Cline, John Williamson

2009 Estimates of Fundamental Equilibrium Exchange Rates

Peterson Institute for International Economics – Policy Brief 09-10 – June 2009 – 13 pages

<http://www.iie.com/publications/pb/pb09-10.pdf>

"Cline and Williamson update their estimates of fundamental equilibrium exchange rates (FEERs) for leading advanced and emerging-market economies. This policy brief is a sequel to Policy Brief 08-7, published last July, and is based on the latest developments in the world economy."

FINANCIAL CRISIS

Holman W. Jenkins Jr.

The Financial Markets and Fear Itself - Why investor confidence plunged

Hoover Institute – Policy Brief – June/July 2009

<http://www.hoover.org/publications/policyreview/46386702.html>

"Economists and journalists and business professors have struggled to explain the rush of Wall Street firms in the years 2004–06 into creating securities backed by mortgages to marginal borrowers, now seen as the genesis of a global financial panic and possibly a second "Great Depression." Yet so many stipulations of the standard view are questionable, if not mythical, that the mystery of why we are suffering globally will not be solved by figuring whom to blame for subprime mortgage lending."

Carl R. Tannenbaum, Steven VanBever

Risks and Resolutions: The 'Day After' for Financial Institutions—A conference summary

Federal Reserve Bank of Chicago – Chicago Fed Letter – July 2009 – 4 pages

http://www.chicagofed.org/economic_research_and_data/chicago_fed_letter.cfm

"The Chicago Fed's Supervision and Regulation Department, in conjunction with DePaul University's Center for Financial Services, sponsored its second annual Financial Institutions Risk Management Conference on April 14–15, 2009. The conference focused on risk management, headline issues, and recent financial innovations."

Judit Montoriol-Garriga and Evan Sekeris

A Question of Liquidity: The Great Banking Run of 2008?

FRB Boston – Working Paper – June 2009 – 13 pages

<http://www.bos.frb.org/bankinfo/qau/wp/2009/qau0904.htm>

“The current financial crisis has given rise to a new type of bank run, one that affects both the banks' assets and liabilities. In this paper we combine information from the commercial paper market with loan level data from the Survey of Terms of Business Loans to show that during the 2007-2008 financial crises banks suffered a run on credit lines... Finally, we conclude that these runs on credit lines have weakened banks further, curtailing their ability to effectively fulfill their role as financial intermediaries.”

Eric S. Rosengren

The Impact of Liquidity, Securitization, and Banks on the Real Economy

The Federal Reserve Bank of Boston – June 5, 2009

<http://www.bos.frb.org/news/speeches/rosengren/2009/060509.pdf>

“Many forecasters underestimated the size, severity, and length of the downturn. Part of the reason (...) relates to three critical features of this crisis I would highlight – features, I would add, that are likely to have a long-lasting impact on financial markets and perhaps on how economists perceive them: the first is the increased importance of disruptions to liquidity; the second involves the significant changes that occurred in securitization; the third involves banks and their role in the economy.”

Adam Ashcraft, James McAndrews, and David Skeie

Precautionary Reserves and the Interbank Market

Federal Reserve Bank of New York – Staff Report Number 370 – May 2009 – 55 pages

http://www.newyorkfed.org/research/staff_reports/sr370.pdf

“Liquidity hoarding by banks and extreme volatility of the fed funds rate have been widely seen as severely disrupting the interbank market and the broader financial system during the 2007-08 financial crisis. Using data on intraday account balances held by banks at the Federal Reserve and Fedwire interbank transactions to estimate all overnight fed funds trades, the authors present empirical evidence on banks' precautionary hoarding of reserves, their reluctance to lend, and extreme fed funds rate volatility.”

Vicious Cycle: How Unfair Credit Card Company Practices Are Squeezing Consumers and Undermining the Recovery

U.S. Joint Economic Committee – Report - May 12, 2009 – 25 pages

http://jec.senate.gov/index.cfm?Fuseaction=Files.View&FileStore_id=42840b23-fed8-447b-a029-e977c0a25544

“Congresswoman Carolyn B. Maloney, Chair of the Joint Economic Committee (JEC), and Senator Charles E. Schumer, Vice Chairman of the JEC, released a report showing unfair credit card practices are sending American families further into debt and undermining the economic recovery. The report outlines how the economic downturn and financial crisis have accelerated the adverse impacts of these practices on consumers, small businesses and our economy as a whole.”

The Science of Insolvency

U.S. House Committee on Science and Technology, Subcommittee on Investigations & Oversight – Hearing – May 19, 2009

http://science.house.gov/publications/hearings_markups_details.aspx?NewsID=2465

Witnesses:

Dr. Jeffrey Sachs, Director, Earth Institute at Columbia University

Mr. Simon Johnson, Professor, Sloan School of Management, MIT

Dr. Dean Baker, Co-Director, Center for Economic and Policy Research

Mr. David John, Senior Research Fellow, Heritage Foundation

“This hearing focuses on focus on what it means for a financial institution to be "solvent" given the complexity of global financial markets.”

FINANCIAL REGULATION

TARP Accountability and Oversight: Measuring the Strength of Financial Institutions

U.S. Congress Joint Economic Committee – Hearing – June 9, 2009

http://jec.senate.gov/index.cfm?FuseAction=Hearings.HearingsCalendar&ContentRecord_id=a7705337-5056-8059-7636-6653e3634af3

“Chairwoman Warren [testifies] about the government stress test evaluations of financial institutions, the impact of the results on restoring market confidence, and the panel’s current oversight activities as they relate to the TARP program.”

June Oversight Report: Stress Testing and Shoring up Bank Capital

Congressional Oversight Panel - June 9, 2009

<http://cop.senate.gov/documents/cop-060909-report.pdf>

“Like the case of the family conducting its own stress test of personal finances, the usefulness of the bank stress test results depends upon the methods used and the assumptions that went into conducting the examinations. To help assess the stress tests, the panel engaged two internationally renowned experts in risk analysis, Professor Eric Talley and Professor Johan Walden, to review the stress test methodology.”

Plan for Regulatory Reform

U.S. Department of Treasury – June 17, 2009 June 17, 2009

<http://www.ustreas.gov/press/releases/tg175.htm>

President Obama laid out “a comprehensive regulatory reform to modernize and protect the integrity of our financial system. While this crisis has had many causes, it is clear now that the government could have done more to prevent these problems from growing out of control and threatening our overall economy.”

Links to fact sheets:

Financial Regulatory Reform – A new Foundation: Rebuilding Financial Supervision and Regulation

U.S. Department of Treasury – White Paper – June 17, 2009 – 89 pages

http://www.financialstability.gov/docs/regs/FinalReport_web.pdf

“President Obama has laid out a comprehensive regulatory reform plan to modernize and protect the integrity of our financial system. While this crisis has had many causes, it is clear now that the government could have done more to prevent these problems from growing out of control and threatening our overall economy.”

The Effective Regulation of the Over-the-Counter Derivatives Markets

U.S. House Committee on Financial Services, Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises – Hearing – June 9, 2009

http://www.house.gov/apps/list/hearing/financialsvcs_dem/hrcm_060909.shtml

“Within less than three decades, over-the-counter derivatives have become a staggering \$500 trillion market, in notional value. This market also has the potential to cause considerable harm. The ongoing financial crisis has made it apparent to nearly everyone that we must move the over-the-counter derivatives market from one that takes place under the table to one that happens out in the open. In short, the time for common-sense regulation of this vast industry has arrived.”

Reforms to Protect American Credit Card Holders

The White House – Fact Sheets - May 22, 2009

http://www.whitehouse.gov/the_press_office/Fact-Sheet-Reforms-to-Protect-American-Credit-Card-Holders/

“President Obama signs the Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009, marking a turning point for American consumers and ending the days of unfair rate hikes and hidden fees.”

Compensation Structure and Systemic Risk

U.S. House Committee on Financial Services – Hearing – June 11, 2009

http://www.house.gov/apps/list/hearing/financialsvcs_dem/hrfc_061109.shtml

“This Committee and Congress should move forward legislation that helps the private sector by providing the tools necessary to create an adequate compensation system that is based on performance principles and not on incentives backed by excessively risky business decisions.”

HOUSING

Federal Housing Finance Agency Report to Congress 2008

Federal Housing Finance Agency - May 18, 2009 – 156 pages

<http://www.fhfa.gov/webfiles/2331/FHFAReportToCongress2008final.pdf>

“Federal Housing Finance Agency (FHFA) releases FHFA’s first Report to Congress, detailing the findings of the agency’s 2008 annual examinations of Fannie Mae, Freddie Mac, the 12 Federal Home Loan Banks (FHLBanks), and the Office of Finance. The report is the first Report to Congress since FHFA was established by the Housing and Economic Recovery Act of 2008 (HERA), signed into law in July of 2008. The report includes conclusions from the examinations of the FHLBanks, information about the compensation of FHLBank directors, and housing mission and goals information for all 14 GSEs.”

Christopher Foote et al.

Reducing Foreclosures: No Easy Answers

Federal Reserve Bank of Atlanta - May 2009 – 53 pages

<http://www.frbatlanta.org/filelegacydocs/wp0915.pdf>

“The paper takes a look at a leading argument about what is causing the foreclosure crisis and what should be done to stop it. It uses an economic model to focus on two key decisions: the borrower’s choice to default on a mortgage and the lender’s subsequent choice whether to renegotiate or modify the loan. The theoretical model and econometric analysis illustrate that unaffordable loans, defined as those with high mortgage payments relative to income at origination, are unlikely to be the main reason that borrowers decide to default.”

Andrew Jakobovics, Alon Cohen

Mandatory Mediation in the Foreclosure Process

American Center for Progress – Report – June 22, 2009

http://www.americanprogress.org/issues/2009/06/time_we_talked.html

“Mediation helps reduce the impact of the housing crisis on neighborhoods, unclog courts, and achieve faster, cheaper, and better resolutions for homeowners, mortgage lenders and servicers, and the community at large. These mediation programs are still young, but the best ones are showing impressive results, resolving in nearly three-quarters of all participating foreclosure cases without the need for formal foreclosure proceedings. In this paper we will argue that the federal government has an important role to play in

expanding the implementation of mandatory mediation programs at the state and local level. Given the magnitude of the crisis and the degree to which the federal government is already invested in mortgages, we believe the federal government should take a more direct role in providing opportunities for mediation.”

STATES ECONOMIC OUTLOOK

Economic Slowdown Widespread Among States in 2008

U.S. Department of Commerce, Bureau of Economic Analysis - June 2, 2009 – 10 pages

http://www.bea.gov/newsreleases/regional/gdp_state/2009/pdf/gsp0609.pdf

“New statistics released by the U.S. Bureau of Economic Analysis show that economic growth slowed in most states and regions of the U.S. in 2008 as economic growth overall slowed. Real GDP growth slowed in 38 states, with downturns in construction, manufacturing, and finance and insurance restraining growth in many states. Growth in real U.S. GDP by state slowed from 2.0 percent in 2007 to 0.7 percent in 2008.”

Rich States, Poor States: Alec-Laffer State Economic Competitiveness Index

American Legislative Exchange Council - May 19, 2009 – 164 pages

http://www.alec.org/am/pdf/tax/09RSPS/26969_REPORT_full.pdf

“In the midst of economic turmoil, federal bailouts, and budget deficits in more than 40 states, the report offers a roadmap to recovery based on economic performance trends from states over the last 10 years. It shows how the federal bailout of the states may simply encourage out-of-control spending by states, which is up 124 percent over the last 10 years, without requiring them to make the tough decisions needed to bring about financial stability.”

The Fiscal Survey of States

National Governors Association – Survey - June 2009 – 74 pages

<http://www.nga.org/Files/pdf/FSS0906.PDF>

“Despite receiving funds from the American Recovery and Reinvestment Act of 2009, state fiscal conditions deteriorated for nearly every state during fiscal 2009, according to the study. It finds the economic recession, which began in December 2007, has significantly dampened the outlook for upcoming fiscal years, with more than half of states experiencing negative budget growth in fiscal 2009 and nearly three-quarters recommending fiscal 2010 budgets with negative growth.”

Economic Turbulence: A Southeastern Perspective

Federal Reserve Bank of Atlanta - 2008 Annual Report – 68 pages

http://www.frbatlanta.org/filelegacydocs/ar2008_complete.pdf

“The report focuses on the Southeast and aspects of the recession and financial turmoil that have weighed heavily on the region—the troubled real estate sector and foreclosures, job losses, banking system strains, and lackluster consumer spending.”

Donna Arduin, Arthur B. Laffer, Wayne H. Winegarden, Ian McDonough

The Economic Impact of Federal Spending on State Economic Performance: An Ohio Perspective

The Buckeye Institute for Public Policy Solutions and Americans for Prosperity – April 2009 – 12 pages

http://www.buckeyeinstitute.org/docs/The_Economic_Impact_of_Federal_Spending.pdf

“The costs of accepting federal dollars from the ARRA will be a long-term drain on the private sector. The ARRA will increase the government expenditure wedge from 49.16% to 52.41% for an overall 3.25%

increase. This increase will reduce the growth in real net business output by 2.5%, which translates to a reduction of 1.7 million jobs nationally – of which between 66,400 and 91,200 jobs will be lost in Ohio.”

Katharine L. Bradbury and Yolanda K. Kodrzycki

Massachusetts Employment Growth 1996–2006: Effects of Industry Performance and Industry Composition

Federal Reserve Bank of Boston – Public Policy Brief No 07-1 – May 4, 2007 – 13 pages

<http://www.bos.frb.org/economic/ppb/2007/ppb071.pdf>

“The study finds that Massachusetts industries generally experienced slower employment growth than their national counterparts in the early 2000s. The highest-flying industries of the late 1990s did “give back” some of their gains in the early 2000s, but this fact does not explain the Commonwealth’s overall employment trends relative to national trends. Other, lower-growth industries in Massachusetts also underperformed relative to their national counterparts in the early 2000s, and this disparity accounts for almost all of the observed difference between Massachusetts and U.S. employment growth rates during the post-boom period.”

LOCAL ECONOMIC DEVELOPMENT

MetroMonitor: Tracking Economic Recession and Recovery in America’s 100 Largest Metropolitan Areas

The Brookings Institution, Metropolitan Policy Program – June 2009 – 21 pages

http://www.brookings.edu/~media/Files/rc/reports/2009/06_metro_monitor/06_metromonitor.pdf

“Beneath the constant drumbeat of headline numbers emanating from Washington on U.S. jobs, national unemployment, GDP, and home prices lies a complex, diverse set of 366 metropolitan economies. While no metro area has been immune from the current economic downturn, the pain is unevenly distributed. Some have felt only modest effects, and a few show early signs of recovery, while others are undergoing a wrenching restructuring that may fundamentally alter their economic trajectory.”

Max Neiman and Daniel Krimm

Harry Moroz & John Petro

No Economic Recovery without Cities: The Urgency of a New Federal Urban Policy

Drum Major Institute for Public Policy – Report – June 2009 - 23 pages

http://drummajorinstitute.org/pdfs/WH_urban_affairs_paper.pdf

“In his executive order establishing the new White House Office of Urban Affairs, President Obama tied the success of cities to the success of the country: “[T]he economic health and social vitality of our urban communities are critically important to the prosperity and quality of life for Americans.” The White House Office of Urban Affairs is “to develop a strategy for metropolitan America and to ensure that all federal dollars targeted to urban areas are effectively spent on the highest-impact programs.” DMI today offers a full account of what this means for economic stimulus and recovery.”

Economic Development: The Local Perspective

Public Policy Institute of California – Report - May 2009 – 52 pages

http://www.ppic.org/content/pubs/report/R_509MNR.pdf

“Since Proposition 13 in 1978 restricted property tax income, California’s local governments have increased their economic development activities, especially in the areas of land development and retail sales. Such measures have provoked criticism, but local officials say they have few alternatives. This paper presents a detailed survey of local economic development policies and activities. It includes assessments of their successes and failures by local officials. The results show that significant barriers to local economic activity

exist, among them an inadequate state transportation infrastructure, high energy costs, and lack of an appropriately trained workforce.”

Tough Decisions and Limited Options: How Philadelphia and Other Cities are Balancing Budgets in a Time of Recession

Pew Charitable Trusts - May 18, 2009 – 14 pages

http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Philadelphia-area_grantmaking/FINAL_Budget%20Brief.pdf

“The report looks at how 13 major cities are coping with the recession and finds that most are facing significant budget gaps and are cutting services and personnel in response. It examines the budget decisions that have been proposed or enacted in Atlanta, Baltimore, Boston, Chicago, Columbus (OH), Detroit, Kansas City (MO), Los Angeles, New York, Philadelphia, Phoenix, Pittsburgh and Seattle.”

Monitoring Credit Conditions in Rural America

FRB Kansas City – Main Street Economist – June 2009 - 6 pages

http://www.kansascityfed.org/RegionalAffairs/MainStreet/MSE_0309.pdf

“A steep recession and financial meltdown have led to tight credit markets in rural America. In the latest issue of the Main Street Economist, economist Brian Briggeman explores how credit conditions are evolving for rural business owners, shedding light on current credit markets and providing rural business owners information they can use to identify when credit markets turn.”

Alan E. Pisarski

The Tipping Point: The Transportation-Housing Trade-Offs of Suburban, Urban and Rural Living

The Heritage Foundation - White Paper - May 22, 2009 – 18 pages

http://www.heritage.org/Research/SmartGrowth/upload/The_Tipping_Point_Pisarski_090522.pdf

“Efforts to “redefine” and “make transparent” housing and transportation costs have been the subject of a growing debate over the past decade as opposing sides of the cities versus suburbs debate and the cars versus trolleys debate have offered up conflicting data on the relative costs of these choices. How the new DOT/HUD partnership will address these issues and competing contentions is unknown, but many recent state and local trends on these issues suggest a narrowing of opportunity for the average household is the chief risk.”

AUTO INDUSTRY CRISIS

Thomas H. Klier

From Trail Fins to Hybrids: How Detroit lost its dominance of the U.S. auto market

Federal Reserve Bank of Chicago – Second Quarter 2009 - 16 pages

http://www.chicagofed.org/publications/economicperspectives/ep_2qtr2009_part1_klier.pdf

“This article explores the decline of the Detroit Three (Chrysler, Ford, and General Motors). The author identifies three distinct phases of the decline—the mid-1950s to 1980, 1980 to 1996, and 1996 to 2008—culminating in the bankruptcy of Chrysler in early 2009. In showing how the U.S. auto industry has evolved since the mid-1950s, this article provides a historical frame of reference for the ongoing debate about the future of this industry.”

Ramifications of Auto Industry Bankruptcies

U.S. House Committee of the Judiciary – Hearing – May 21, 2009

http://judiciary.house.gov/hearings/hear_090521_1.html

“This hearing considers the wide-ranging ripple effects, and possibly unintended consequences, presented by automobile industry bankruptcies. In particular, it focuses on how various constituencies are being affected – the workers; the retirees; the auto dealers; the automobile owners; and consumers generally.”

Douglas J. Elliott

What Happens to the GM Pensions in Bankruptcy?

The Brookings Institution – May 29, 2009

http://www.brookings.edu/papers/2009/0529_gm_pensions_elliott.aspx

“The bankruptcy process allows debts and other claims to be reduced, sometimes dramatically, in an attempt to create a reorganized firm that can actually earn enough to meet its downsized obligations. One large claim that could theoretically be cut back is the unfunded portion of GM’s pension liabilities.”

Auto Dealership Closures

U.S. House Committee on Energy and Commerce, Subcommittee on Oversight and Investigation – Hearing – June 12, 2009

http://energycommerce.house.gov/index.php?option=com_content&view=article&id=1665:oversight-and-investigations-subcommittee-announces-hearing-on-auto-dealership-closures&catid=133:subcommittee-on-oversight-and-investigations&Itemid=73

“The Oversight and Investigations Subcommittee held a hearing to examine the recent auto dealership closures announced by Chrysler and General Motors.”

The State of the Domestic Automobile Industry: Impact of Federal Assistance

U.S. Senate Committee on Banking, Housing and Urban Affairs - Hearing - June 10, 2009

http://banking.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=e4434686-9de0-4d73-99eb-b49b0ac31ee5

“[Given the rapid increase in budget deficit], we must think very carefully about the government’s future involvement in the domestic auto industry. The Auto Task Force must begin planning now for how to remove the government from the auto business. ‘Exit strategy’, a term that has rightly been applied in other contexts, is an appropriate topic here today also.”

BUSINESS

Dane Stangler

The Economic Future Just Happened

Ewing Marion Kauffman Foundation – Research Study - June 9, 2009 – 21 pages

<http://www.kauffman.org/uploadedFiles/the-economic-future-just-happened.pdf>

“This research study [...] presents three main findings: First, recessions and bear markets, while they bring pain and often lead to short-term declines in business formation, do not appear to have a significantly negative impact on the formation and survival of new businesses. Second, well-over half of the companies on the 2009 Fortune 500 list, and just under half of the 2008 Inc. list, began during a recession or bear market. Third, job creation from startups is much less volatile and sensitive to downturns than job creation in the entire economy.”

Paul Kedrosky

Rightsizing the U.S. Venture Capital Industry

Ewing Marion Kauffman Foundation – Research paper - June 10, 2009 – 10 pages

<http://www.kauffman.org/uploadedFiles/USVentCap061009r1.pdf>

“The U.S. venture capital industry is at an inflection point. It has had many successes over the last three decades, and is prominent worldwide for its role in financially catalyzing notable, high-growth companies. More recently, however, venture capital returns have stagnated and declined, with the industry having seen little recovery since its go-go days of the late 1990s.”

Dane Stangler

The Coming Entrepreneurship Boom

Ewing Marion Kauffman Foundation – Study - June 18, 2009 – 6 pages

<http://www.kauffman.org/uploadedFiles/the-coming-entrepreneurial-boom.pdf>

“Given the shifting age distribution of the country, the continued decline of lifetime employment and the experience and tacit knowledge such employees carry with them, and the effects of the 2008-2009 recession on established sectors of the economy, we may be about to enter a highly entrepreneurial period.”

Darrell M. West, Jenny Lu

Comparing Technology Innovation in the Private and Public Sectors

The Brookings Institution – Report – June 2009 – 23 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/06_technology_west/06_technology_west.pdf

“Many argue that the private sector is more entrepreneurial and innovative than the public sector. Commercial enterprises—responding to market pressures and the need to stay competitive—incorporate new technologies into their operations as a way to boost efficiency and productivity. In contrast, government agencies don’t have customers in the traditional sense and aren’t required to show a profit on their revenues. [...] Still, to understand the real factors facilitating technology innovation and advancing entrepreneurship, systematic data evaluating innovation in business and government is needed.”

Robert M. Feinberg

Strong Dollar Has Little Effect on Small Retailers, Larger Effect on Wholesalers

Office of Advocacy, U.S. Small Business Administration – Report - May 2009 – 27 pages

<http://www.sba.gov/advo/research/rs344tot.pdf>

“A strong dollar, making imports cheaper and exporting more difficult, appears to have little effect on the survival rate of small retailers, according to the study. The study covers 15 years of data, from 1990 through 2005, from the U.S. Census Bureau’s Statistics of U.S. Businesses and other sources. On the other hand, the study’s authors found that real exchange rate appreciation lead to increased rates of small firm exit in the wholesale sector. In wholesale firms with more than 10 employees, a 10 percent real dollar appreciation leads to a roughly 20 percent increase in firm closures. This finding suggests that wholesalers are closely tied to domestic manufacturers, and find it hard to switch suppliers to take advantage of falling import prices.”

TRANSPORTATION

Jeffrey R. Campbell and Thomas N. Hubbard

The State of our Interstates

The Federal Reserve Bank of Chicago – Chicago FED Letter – July 2009 – 4 pages

http://www.chicagofed.org/publications/fedletter/cfljuly2009_264.pdf

“President Obama's budget proposal emphasizes the importance of infrastructure investments for the nation's economic health, so now seems a good time to assess the condition of our country's major roads.”

Richard Hillestad et al.

Fast Forward: Key Issues in Modernizing the U.S. Freight-Transportation System for Future Economic Growth

RAND Corporation - June 9, 2009 – 163 pages

http://www.rand.org/pubs/monographs/2009/RAND_MG883.pdf

Efficient movement of freight within the United States and across its borders is a critical enabler of future U.S. economic growth and competitiveness, according to the authors. Such efficiency is now threatened by capacity bottlenecks, inefficient use of some components of the freight infrastructure, interference with passenger transport, the system's vulnerability to disruption, and the need to address important emission and energy constraints. They conclude with a discussion of the need to modernize the freight-transportation system and the overarching issues this involves.

AGRICULTURE

Jason Henderson

When Will Agricultural Demand Rebound?

Federal Reserve Bank of Kansas City – 6 pages

http://www.kansascityfed.org/RegionalAffairs/MainStreet/MSE_0209.pdf

“Recession has weighed heavily on the demand for agricultural products. Food consumption in the United States has shifted to lower-end products cutting restaurant sales and purchases of high-priced meat items. Demand for gasoline has also weakened, dampening ethanol activity. And, the demand for U.S. agricultural exports has plunged as recession tightens its grip on the rest of the world.”

Catherine Greene et al.

Emerging Issues in the U.S. Organic Industry

U.S. Department of Agriculture - June 2009 – 36 pages

<http://www.ers.usda.gov/Publications/EIB55/EIB55.pdf>

“Consumer demand for organic products has widened over the last decade. While new producers have emerged to help meet demand, market participants report that a supply squeeze is constraining growth for both individual firms and the organic sector overall. Partly in response to shortages in organic supply, Congress in 2008 included provisions in the Food, Conservation, and Energy Act (2008 Farm Act) that, for the first time, provide direct financial support to farmers to convert to organic production. This report examines recent economic research on the adoption of organic farming systems, organic production costs and returns, and market conditions to gain a better understanding of the organic supply squeeze and other emerging issues in this rapidly changing industry.”

EMPLOYMENT – PENSIONS

Mary Daly, Bart Hobijn, and Joyce Kwok

Jobless Recovery Redux?

Federal Reserve Bank of San Francisco – Economic Letter 2009-18 - June 5, 2009 – 4 pages

<http://www.frbsf.org/publications/economics/letter/2009/el2009-18.pdf>

“Most forecasters expect unemployment to increase in coming months and to recede only gradually as recovery takes hold. This Letter discusses reasons or even greater pessimism about the outlook for the labor market, and suggests that another jobless recovery is a distinct possibility.”

Alicia H. Munnell et al.

Why Are Older Workers At Greater Risk of Displacement?

Center for Retirement Research at Boston College - May 2009 – 13 pages

http://crr.bc.edu/images/stories/Briefs/ib_9-10.pdf

“The conventional wisdom says that older workers are less likely to be displaced than younger workers. While true in the past, the conventional wisdom is no longer true today; the advantage that older workers had has disappeared. This loss of relative job security is troubling. Once displaced, older workers are less likely to be reemployed, have less time to adjust their retirement plans, and are more likely to retire prematurely.”

Generation Y.

Deloitte - June 2, 2009 – 10 pages

http://www.deloitte.com/dtt/cda/doc/content/us_consulting_GenYStateGovernment_052909%281%29.pdf

“The results of the survey reveal both similarities and differences between Gen Yers in government and their peers in private industry. Respondents to the survey who currently work in government agencies report being motivated by non-monitory factors, most notably the opportunity for growth and development, location and job responsibilities. Yet, they also aren’t likely to stay with their employers for long and reported being less satisfied with their careers than their private sector peers. State governments have a unique opportunity to tap Gen Y talent to help make significant strides in their transformation and modernization initiatives.”

Jed Kolko and David Neumark

Do California's Enterprise Zones Create Jobs?

Public Policy Institute of California – Report -June 2009 – 32 pages

http://www.pplic.org/content/pubs/report/R_609JKR.pdf

“California’s enterprise zone program was established to spur business and job creation in economically distressed areas. Offering tax credits and other incentives to businesses throughout the state, it is California’s largest economic development program. But does it work? This report finds that enterprise zones have no overall effect on job growth. There are some positive findings: for example, the program raises employment more in zones with smaller manufacturing shares, and marketing and outreach efforts seem to be helpful. But the report’s main finding calls into question the wisdom of investing in the program as it stands.”

Contagion Nation: A Comparison of Paid Sick Day Policies in 22 Countries

Center for Economic and Policy Research - May 20, 2009 – 22 pages

<http://www.cepr.net/documents/publications/paid-sick-days-2009-05.pdf>

“The sudden emergence of the H1N1 virus and the possibility of an epidemic outbreak on a scale not seen in decades have led to the closings of schools and workplaces around the world. The report shows that the United States is the only one of 22 rich countries that fails to guarantee sick workers some form of paid sick leave. Under current U.S. labor law, employers are not required to provide short-term paid sick days or longer-term paid sick leave.”

James Sherk

What Unions Do: How Labor Unions Affect Jobs and the Economy

The Heritage Foundation – Background No. 2275 – May 21, 2009 – 17 pages

http://www.heritage.org/Research/Labor/upload/bg_2275.pdf

“Unions function as labor cartels. A labor cartel restricts the number of workers in a company or industry to drive up the remaining workers' wages, just as the Organization of Petroleum Exporting Countries (OPEC) attempts to cut the supply of oil to raise its price. Companies pass on those higher wages to consumers through higher prices, and often they also earn lower profits.”

The Changing Fortunes of the U.S. Workforce: What's Driving Income Inequality?

Center on Children and Families, Brookings – Event – June 23, 2009 – 82 pages

http://www.brookings.edu/~media/Files/events/2009/0623_income_inequality/20090623_income_inequality.pdf

“On June 23, the Center on Children and Families at Brookings hosted an event that examines a new report by McKinsey Global Institute on changing employment and income that informs the debate on what has driven the dispersion in incomes across industries and occupations. The report offers new insights on income and employment levels over a 15-year period, maps the link between labor market changes and the differential growth in labor income, and assesses drivers of differential income growth, including technology, trade, immigration, unionization and education. Speakers examined ways policy-makers and global corporations can create jobs and improve opportunities during the recession and beyond.”

Douglas J. Elliott

A Guide to the Pension Benefit Guaranty Corporation

The Brookings Institution – Working Paper – May 20, 2009 – 44 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/0520_pensions_elliott/0520_pensions_elliott.pdf

“The current financial crisis has damaged the finances of many retirees and of employees who were hoping to retire soon, but who now face the need to work for years longer or to accept a pinched life in retirement.”

HEALTH ECONOMIC ISSUES

Paul B. Ginsburg

Efficiency and Quality - The Role of Controlling Health Care Cost Growth in Health Care Reform

Center for American Progress – Report – June 3, 2009 – 24 pages

http://www.americanprogress.org/issues/2009/06/pdf/payment_reform.pdf

“Expanding health insurance coverage to the more than 45 million uninsured Americans is a key U.S. policy goal, but expanding coverage without steps to contain rapidly rising health care costs is a recipe for failure. For years, federal initiatives to reform health care focused mostly on expanding the proportion of Americans covered by health insurance. That is a key part of this year's health reform agenda, but most policymakers recognize that provisions to address rising health care spending are an important component of health care reform.”

Melinda Beeuwkes Buntin, David M. Cutler

The Two Trillion Dollar Solution - Saving Money by Modernizing the Health Care System

Center for American Progress – Report – June 24, 2009 – 27 pages

http://www.americanprogress.org/issues/2009/06/2trillion_solution.html

“The fundamental challenge in health reform is to reduce the growth rate of health care costs. The widely accepted solutions to this challenge include bringing health care into the information age, reforming health insurance markets, and learning what works and which health care providers are better at what they do.

Based on a wide array of research, our best estimate is that fundamental health system reform involving just three of these strategies will lead to federal savings of about \$550 billion over the next decade.”

Michael Tanner

Obamacare to Come - Seven Bad Ideas for Health Care Reform

CATO Institute – Policy Analysis – May 21, 2009 – 24 pages

<http://www.cato.org/pubs/pas/pa638.pdf>

“While the Obama administration has not, and does not seem likely to, put forward a specific reform plan, it is possible to discern the key components of any plan likely to emerge from Congress. Taken individually, each of these proposals would be a bad idea. Taken collectively, they would dramatically transform the American health care system in a way that would harm taxpayers, health care providers, and—most importantly—the quality and range of care given to patients.”

Elise Gould

Capping the Health Insurance Tax Exclusion - The Consequences Vary Greatly Across States and Regions

Economic Policy Institute - Briefing Paper #237 - June 11, 2009 - 10 pages

http://epi.3cdn.net/6ebf892f25e8ff210a_4nm6bnzfd.pdf

“Under current law, employer contributions to health insurance premiums are excluded, without limit, from workers’ taxable income. Proposals to end or cap this tax exclusion are emerging in the discussions of how to pay for health care reform. This EPI Briefing Paper looks at how cross-state variations in health costs change the likelihood of being directly affected by a tax cap.”

FOREIGN INVESTMENT - INTERNATIONAL TRADE

Foreign Direct Investors’ Outlays to Acquire or Establish U.S. Businesses Increased in 2008

Bureau of Economic Analysis, U.S. Department of Commerce - June 4, 2009 – 8 pages

<http://www.bea.gov/newsreleases/international/fdi/2009/pdf/fdi08.pdf>

“Outlays by foreign direct investors to acquire or establish U.S. businesses increased 3 percent in 2008, to \$260.4 billion. Outlays in 2008 were the third-largest on record and the sixth consecutive increase since a falloff in outlays in 2001-2002.”

Matthew Adler and Gary Clyde Hufbauer

Policy Liberalization and US Merchandise Trade Growth, 1980—2006

Peterson Institute – Working Paper – May 2009 – 129 pages

<http://www.petersoninstitute.org/publications/wp/wp09-2.pdf>

“Using various data sources, a simple partial equilibrium analysis, and a more complex computable general equilibrium analysis the authors find that roughly 25 percent of US merchandise trade growth since 1980 can be attributed to policy liberalization. Tariff and nontariff liberalization play a larger role in US export growth (35 to 40 percent) than US import growth (25 percent). The authors find that policy liberalization has supplied the lion's share of the "extra" trade growth since 1980—i.e., growth above and beyond growth that can be explained by expanding GDP in the United States and abroad.”

Chad P. Bown

Protectionism on the Rise: A Report on the Use of Trade Remedies during the Global Financial Crisis

Trade, Trade Disputes, G-20 Summit, Global Governance, Global Financial Crisis

The Brookings Institution – Report – May 11, 2009 – 11 pages

http://people.brandeis.edu/~cbown/global_ad/monitoring/2009-05-11-Bown-GAD-Monitoring.pdf

“Despite G-20 promises to reducing trade protectionism and barriers, Chad P. Bown shows through new data and a new report that protectionism increased and spread 18.8 percent during the first quarter of 2009.”

Chad P. Bown

U.S.–China Trade Conflicts and the Future of the WTO

The Fletcher Forum of World Affairs – Article – Winter/Spring 2009 - 22 pages

<http://fletcher.tufts.edu/forum/archives/pdfs/33-1pdfs/Bown.pdf>

“We provide a road map of what to expect from both countries in this WTO process, and we also identify a number of new issues likely to confront Washington and Beijing along the way. While we do draw lessons from how countries have used earlier WTO disputes to manage tensions in bilateral relationships, we also pinpoint limitations as to what can be learned from these earlier episodes given the complexities of trading with China. The politics of handling these particular disputes is especially critical for the international trading system in the context of a global resurgence of protectionist pressures amid the deepening economic crisis.”

DR-CAFTA and Worker’s Rights: Moving from Paper to Practice

Washington Office on Latin America - May 2009 – 28 pages

http://www.wola.org/images/stories/Rights%20and%20Development/wola_dr_cafta_rpt%20final.pdf

“The study reveals that labor conditions in the DR-CAFTA countries have not improved and violations have not diminished regardless of promises made by the member countries to improve labor rights and the millions of dollars invested by the United States to meet this objective. Moreover, WOLA anticipates the labor situation in Central America will deteriorate further due to the global economic crisis. The report concludes that the investment directed at implementation of labor projects was insufficient to resolve the historical labor problems and the impunity with which many employers act.”

Gary Hufbauer and Sherry Stephenson

Trade Policy in a Time of Crisis: Suggestions for Developing Countries

Centre for Economic Policy Research – Report – May 2009 – 26 pages

<http://www.cepr.org/pubs/PolicyInsights/PolicyInsight33.pdf>

The world is enduring the worst economic setback since the Great Depression. Real estate and share prices have fallen sharply; major firms are failing; credit conditions are extremely tight; manufacturing production has dropped like a stone; commodity prices have plunged; and unemployment is rising everywhere. Poor countries are especially hard hit. According to the World Bank, slower economic growth in 2009 will add an additional 53 million people to those living on less than \$1.25 a day and 64 million to those living with less than \$2 a day (World Bank, 2009).

INTERNATIONAL FINANCIAL ISSUES

The Global Financial System

Department of State – eJournal – May 2009 – 38 pages

<http://www.america.gov/media/pdf/ejs/0509.pdf#popup>

Experts describe the mechanics of the global financial system presenting their views concerning the cyclical nature of markets, the interdependence of global trade relationships, and the role of regulation.

M. Ayhan Kose, Ashley D. Taylor

Thresholds in the Process of International Financial Integration

The Brookings Institution – Working Paper – May 2009 – 46 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/05_international_finance_prasad/05_international_finance_prasad.pdf

“The financial crisis has re-ignited the fierce debate about the merits of financial globalization and its implications for growth, especially for developing countries. (...) A new literature proposes that the indirect benefits of financial integration may be more important than the traditional financing channel emphasized in previous analyses. A major complication, however, is that there seem to be certain “threshold” levels of financial and institutional development that an economy needs to attain before it can derive the indirect benefits and reduce the risks of financial openness.”

C. Randall Henning

US Interests and the International Monetary Fund

Peterson Institute for International Economics - Policy Brief 09-12 – June 2009 – 15 pages

<http://www.piie.com/publications/pb/pb09-12.pdf>

“The US Congress is now considering legislation to approve President Obama's pledge, made at the G-20 London summit in April, to increase the US commitment to the International Monetary Fund (IMF). [...] C. Randall Henning [...] argues that the present financial troubles have only increased the need for strong US support of the Fund. Failure to support the IMF now would not only hamper global and US recovery from the current crisis, but it would also undermine US influence, both within the IMF and in international relations generally. “

John Williamson

Understanding Special Drawing Rights (SDRs)

Peterson Institute for International Policy - Policy Brief 09-11 – June 2009 – 7 pages

<http://www.piie.com/publications/pb/pb09-11.pdf>

“Special Drawing Rights (SDRs), the reserve asset issued by the International Monetary Fund (IMF), have lately surfaced in the news. The G-20 leaders, at their March summit in London, endorsed a proposal to issue \$250 billion in SDRs to counteract the financial crisis. Meanwhile, the governor of the People's Bank of China has called for SDRs to gradually replace the dollar at the center of the international monetary system, a plan that would be facilitated by allowing countries to convert their dollar reserve holdings into SDRs.”

DEVELOPMENT

Implications of the G-20 Leaders Summit for Low Income Countries and the Global Economy

U.S. House Committee on Financial Services, Subcommittee on International Monetary Policy and Trade – Hearing – May 13, 2009

http://www.house.gov/apps/list/hearing/financialsvcs_dem/hrimp051309.shtml

“Low-income countries have been severely affected by the global economic downturn. Many of the worst consequences, including on the poorest people, have yet to be felt. First and foremost, low-income countries need to receive considerable additional resources in order to weather the crisis. This crisis is not of their making and, prior to this shock, poorer countries were making considerable progress along the lines of implementing exactly the policies advised by richer countries and the International Monetary Fund (IMF).”

Reuben Brigety, Sabina Dewan

A National Strategy for Global Development - Protecting America and Our World through Sustainable Security

American Center for Progress – Report – May 2009 – 36 pages

http://www.americanprogress.org/issues/2009/05/pdf/brigety_dewan_security.pdf

“Recent events in Afghanistan and Iraq as well as complex challenges throughout the world demonstrate the importance of effective development assistance across a wide array of circumstances...Although the United States is the largest national provider of overseas development assistance, it does not have a comprehensive strategy to guide the delivery of these resources. The increasing connectivity among the deprivation of essential human needs, state fragility, regional stability, and U.S. foreign policy interests suggests that our government must approach development assistance with coherent and complementary policies. To do so, the administration should produce a National Strategy for Global Development. The NSGD would be modeled after the National Military Strategy that is developed by the White House.”

Jane Nelson and Noam Unger

Strengthening America's Global Development Partnerships: A Policy Blueprint for Better Collaboration between the U.S. Government, Business and Civil Society

The Brookings Institution – Article - May 2009 – 13 pages

http://www.brookings.edu/~media/Files/rc/articles/2009/05_development_partnerships_unger/05_development_partnerships_unger.pdf

“Within the context of broader foreign assistance reform, the Obama administration and Congress have an opportunity to retool official U.S. efforts to more effectively and efficiently support global development in partnership with this new ecosystem of actors, while at the same time improving accountability and transparency.”

John Kerry

Diplomacy and Development in the 21st Century – A conversation with Senator John Kerry

Brookings Institution – Conversation - May 21, 2009 – 62 pages

http://www.brookings.edu/~media/Files/events/2009/0521_foreign_assistance/20090521_foreign_assistance.pdf

“Experts have called for U.S. foreign assistance—and specifically the U.S. effort to support global development—to be reformed in order to become more strategic, coherent and effective. Additionally, recent discussions on Capitol Hill and within the Obama administration have focused on modernizing U.S. foreign assistance to raise the status and effectiveness of U.S. development and reconstruction efforts around the globe. Senator Kerry addressed these issues and how a successful foreign relations authorization bill may be a vehicle for updated Congressional guidance on U.S. foreign policy as a whole, including the initiation of a reform process that could lead to a stronger aid program suited to today’s global challenges.”